

As Governance Dialogue Continues, Legislature Should Invest in Child Care Scholarships Again

Last session, the Legislature appropriated an additional \$100 million for child care scholarships, preventing the loss of child care for thousands of families. These scholarships have been highly successful. There is clear accountability for and oversight of these scholarships through the Texas Workforce Commission (TWC). With families facing rising costs for gas, groceries, child care, and other essentials — and the child care waitlist hovering around 80,000-90,000 — there is an urgent need for the Legislature to make another investment in child care scholarships. The Legislature can make this investment while it also considers governance questions regarding cross-agency coordination and potential options for consolidating early childhood functions currently located in multiple agencies.

Last session, the Texas Legislature passed House Bill 117, establishing the Governor's Task Force on the Governance of Early Childhood Education and Care (ECEC). The Task Force was charged with examining governance and operational challenges across Texas' early childhood system.

Since March 2026, the Task Force has met with agency leaders, policy experts, and early childhood practitioners to better understand how Texas administers and coordinates its many early childhood programs. That work has raised important questions about whether Texas should consolidate programs, improve coordination among agencies, establish a more unified approach to measuring quality and outcomes, or otherwise redesign how the state delivers early childhood services.

While the Legislature explores how Texas can improve the structure and coordination of its ECEC system over the long term, it must also decide whether Texas families will continue to have access to affordable child care in the immediate future.

On that question, three points are clear:

1) Child care scholarships have clear oversight and accountability. The Sunset Commission Staff Report recently concluded that TWC's child care services benefit the Texas economy by helping parents find and sustain employment¹. Additionally, TWC has demonstrated significant oversight of child care funds, boasting an improper payment rate of just 0.44 percent — one of the lowest rates in the nation.² The agency also monitors reimbursement levels to ensure child care scholarships are funded at the 75th percentile of local market rates, helping families access care without being responsible for unaffordable gaps in tuition.

¹ Sunset Advisory Commission Staff Report. Texas Workforce Commission (2026).

² Texas Workforce Commission. State Improper Payments Report (ACF-404). U.S. Department of Health and Human Services Administration for Children and Families. Office of Child Care (2022).

2) Child care scholarships are producing meaningful results. According to TWC's latest effectiveness evaluation, 88 percent of parents receiving Temporary Assistance for Needy Families (TANF) who received a child care scholarship found employment within the first 12 months. Among non-TANF parents, 87 percent increased their earnings by an average of \$7,400 during that same period.³ In addition, more than 80 percent of children receiving scholarships attend a Texas Rising Star Three- or Four-Star program, the highest quality ratings available in the state's quality rating system.⁴

3) Texas faces an immediate need for additional funding. In August 2026, TWC announced recommendations for 2027 that would reduce average child care scholarship capacity from 146,736 children to 132,689—a loss of more than 14,000 slots.⁵ At the same time, tens of thousands of Texas families remain on waiting lists for assistance.

Last session, a bipartisan effort resulted in an additional \$100 million transfer to support child care scholarships. Because of that investment, thousands of Texas parents are able to work and contribute to the economy while their children receive care. That investment demonstrates an important point: Texas does not need to resolve every long-term governance question before acting on an immediate funding need. The Legislature can do both. It can continue exploring how to build a stronger, more coordinated ECEC system for the future while also ensuring that families do not lose access to child care today.

Supporting additional funding for child care scholarships is pro-family, pro-workforce, and pro-business. Texans Care for Children urges the Legislature to continue the important work of improving ECEC governance while making the immediate investments necessary to protect and expand access to child care scholarships in the upcoming session.

A photograph of a woman with dark hair, wearing a patterned top and a pink skirt, smiling and hugging a young girl. The girl is wearing a light-colored dress with dark polka dots. They are standing in front of a wooden bookshelf filled with books.

“When we first got [a child care scholarship], we were going through a rough patch financially.

Now, I’m able to come to work and have my kids in a high-quality place where I know they will have the education that they will need.”

– Anaelys, a mother of two children receiving child care scholarships

³ Texas Workforce Commission. Evaluation of the Effectiveness of the Subsidized Child Care Program (2025).

⁴ Texas Workforce Commission. Child Care by the Numbers. Texas Statewide System - Annual (2026).

⁵ Texas Workforce Commission. Board Contract Year 2026 & 2027 Child Care Targets - Average Number of Children Served per Day Discussion Paper (2026).